Company Number: 631438

Dublin Bay Securities 2018-MA1 Designated Activity Company

Directors' Report and Audited Financial Statements

For the financial year 31 December 2019

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Directors' report

Directors	Mary Murphy Ian Garvan Siobhán Hallissey (Alternate Director) Gerard Brennan (Alternate Director)
Company Secretary	CSC Capital Markets (Ireland) Limited 3rd Floor Fleming Court Fleming's Place Dublin 4 Ireland
Company Number	631438
Registered Office	3rd Floor Fleming Court Fleming's Place Dublin 4 Ireland
Independent Auditor	Deloitte Ireland LLP 29 Earlsfort Terrace Dublin 2 Ireland
Bankers	Citi Bank Europe PLC 1 North Wall Quay North Dock Dublin 1
Trustee	Citicorp Trustee Company Limited Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB
Servicer	Pepper Finance Corporation (Ireland) DAC 4th Floor, Two Park Place, Hatch Street Upper, Dublin 2, D02 NP94

Directors' report (continued)

The Directors present their annual report, together with the audited financial statements of Dublin Bay Securities 2018-MA1 DAC (the 'Company'), for the financial year 31 December 2019.

Director and secretary and their interests
The names of the persons who were directors at any time during the financial year ended 31 December 2019 are set out below:

Mary Murphy
Ian Garvan
Siobhán Hallissey (Alternate Director)
Jonathan Hanly (Alternate Director) (appointed 20 August 2018) (resigned 26 August 2019)
Gerard Brennan (Alternate Director) (appointed 26 August 2019)

CSC Capital Markets (Ireland) Limited was appointed company secretary on 2 August 2018 and continued to act as secretary for the financial year ending 31 December 2019.

Directors' and company secretary's shareholdings
The directors and their immediate relatives and the company secretary did not hold an interest in any shares, share options, deferred shares or loan stock of the Company as at 31 December 2019 or at any time during or since the financial year end, requiring disclosures in the directors' report pursuant to Section 329 of the Companies Act 2014.

Directors' interest in contracts
The Company has no employees. CSC Capital Markets (Ireland) Limited provides corporate services to the Company at arm's length commercial rates. Jonathan Hanly is also a director of CSC Capital Markets (Ireland) Limited, and in that capacity had an interest in transactions conducted with the Company. CSC Capital Markets (Ireland) Limited received fees in the amount of €37,891 (2018: €15,799) for corporate administrative services which includes the provision of directorship services by its employees. The directors provided are not remunerated directly by the Company for their services.

Accounting records
The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records by employing a service provider with appropriate expertise and by providing adequate resources to the financial function. The Company's accounting records are maintained at 3rd Floor Fleming Court, Fleming's Place, Dublin 4.

Relevant audit information
The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Directors' report (continued)

Principal activities, review of the business and future developments

The Company was incorporated on the 2 August 2018 as a special purpose vehicle for the purpose of purchasing certain residential mortgage loans (the "Mortgage Portfolio") together with the related security from Erimon Home Loans Ireland Limited (the "Seller") pursuant to the Mortgage Sale Agreement. The mortgage loans were originated by Bank of Scotland PLC and sold to the seller on 17 May 2018.

The Mortgage Portfolio was purchased by the Company on 28 September 2018 for €382,198,833 and is secured by, amongst other things, residential properties located in Ireland. The balance at the end of the financial year is €340,972,288 (2018: €366,354,381) due to the movements outlined in note 8 to these financial statements. Pepper Finance Corporation (Ireland) DAC was appointed asset servicer of the Mortgage Portfolio.

To fund the purchase of the Mortgage Portfolio, the Company issued €412,079,000 floating rate notes (the "Notes") which have a legal maturity date of September 2053 and are credit linked to the performance of the Mortgage Portfolio. Notes amounting to €407,840,000 were listed on the Irish Stock Exchange and the Class R, X1 and X2 Notes were listed on the International Stock Exchange. The net proceeds from the Notes were used to purchase the Mortgage Portfolio with any excess being used as credit enhancement with regard to Noteholder interests. Total Notes outstanding at 31 December 2019 were €354,721,498 (2018: €376,835,697) due to the movements outlined in note 12 to these financial statements.

The Company continues to closely monitor government updates and global developments in relation to the Coronavirus pandemic (COVID-19). The financial position of the Company, liquidity position and borrowing facilities are set out in the financial statements. The liquidity position of the Company is dependent on principal and interest repayments received from the Mortgage Portfolio. Despite the Company granting payment breaks post year end to some borrowers in financial difficulty which will reduce cash receipts, there is no material cash flow impact anticipated. Principal and interest repayments continue to be received post year end. Additionally, the obligations of the Company to pay interest and principal on the Subordinated Notes are limited to the interest and principal receipts from the Mortgage Portfolio in accordance with the priority of payments as set out in the terms and conditions of the transaction documents. The Company's Statement of Comprehensive Income will not be impacted over the following twelve months as it remains contractually obliged to retain €83 profit on each Interest Payment Date which is first in the payment priority waterfall alongside other operating expenses.

Results

The results for the financial year are set out in the Statement of Comprehensive Income account on page 14 and show profit after taxation of €750 (2018: €187).

Dividends

The directors recommend that no dividend be paid for the financial year ended 31 December 2019.

Going concern

The directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet their obligations as they fall due. See note 2 for more information.

Financial risk

Financial risk management policies of the Company and the associated market, credit and liquidity risks are discussed in detail in note 16 to the financial statements.

Directors' report (continued)

Events since end of the financial year

The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting. As this condition did not exist at the balance sheet date, the Covid-19 pandemic is a non-adjusting post balance sheet event which has no impact on the reported results of the Company for the financial year ending 31 December 2019. Its post year end impact has not been reflected in the measurement of the Company's assets and liabilities as at 31 December 2019. Lockdown restrictions began to ease in July and the economy was opening up however additional lockdown measures have been implemented again in September. It is difficult to determine the number of customers impacted by Covid-19 and the impact of this is yet to be seen.

As of 31 July, 2020, 145 (out of 2,051) borrowers in the portfolio have been impacted by Covid-19 (account is flagged as impacted if they call the Servicer stating this). Payment holidays were implemented for 14 loans with outstanding balances of €1,456,118. A further 23 loans with outstanding balance of €2,941,900 have been restructured due to Covid-19 impacts. A large proportion of customers are continuing to repay their loans as usual and this cash will continue to be collected by the structure for distribution to the appropriate parties. The average loan to value at this date was 38%.

Political donations

The Electoral Act, 1997 (as amended by the Electoral Amendment Political Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year ended 31 December 2019.

Key performance indicators

The Company provides a full breakdown of the performance of the Mortgage Portfolio on a quarterly basis. The outstanding balance of the securitised Mortgage Portfolio is a key performance indicator held by the Company which decreased from €366,354,381 at the start of the year to €340,972,288 as at 31 December 2019 which is due to the movements outlined in note 8.

At the financial year end the balance of the Notes outstanding amounted to €354,721,498 (2018: €376,835,697).

Annual Corporate Governance Statement

Introduction

The Company is subject to and complies with the Companies Act 2014 and listing rules of the Euronext. The Company does not have any employees and all operational requirements of the Company are outsourced to third party service providers. Each of these service providers is subject to their own corporate governance requirements.

Financial Reporting Process

The board of directors (the "board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process.
Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process.

The board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the board also examines and evaluates the external auditors' performance, qualifications and independence.

Risk Assessment
The board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

Control Activities
The control structures in place within the Company include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and related notes in the Company's annual report.

Monitoring
The board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Capital Structure
There are no restrictions on voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association themselves may be amended by special resolution of the shareholders.

Power of Directors
The board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The directors may delegate certain functions to the corporate services provider and other parties, subject to supervision and direction by the directors. The Articles of Association provide that the directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property or any part thereof and may delegate these powers to the appropriate third party.

Audit Committee
The sole business of the Company relates to investment in long term loans secured by residential mortgage receivables and funded by issuing asset backed securities. Under regulation 91(9)(d) of the European Communities (Statutory Audits) regulation 2010 (the "Regulations"), the Company can avail of an exemption from the requirement to establish an audit committee

Independent auditors

Under section 382(2) of the Companies Act 2014, Deloitte Ireland LLP have signified their willingness to continue in office and will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approved by the Board of Directors and signed on its behalf by:

Mary Murphy	Ian Garvan
Director	Director
Date: 29 September 2020	Date: 29 September 2020

Directors' Statement of Responsibility

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

M. Murphy	
Mary Murphy	Ian Garvan
Director	Director
Date: 29 September 2020	Date: 29 September 2020

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Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUBLIN BAY SECURITIES 2018-MA1 DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of Dublin Bay Securities 2018-MA1 Designated Activity Company

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cashflow; and
- the related notes 1 to 21, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current financial period were: • Valuations of loans and receivables
Materiality	The materiality that we used in the current financial period was €7,094,430, or 2% of Creditors: amounts falling due after one year.
Scoping	We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined.
Significant changes in our approach	There are no significant changes to our approach which require disclosure.

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Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Loans and Receivables	
Key audit matter description	For the financial period ended 31 December 2019 the loans and receivables of the company of €340,972,288 make up approximately 96% of the company's total assets €355,481,074. The carrying value of these loans adjusted for any provision for impairment is considered a key audit matter as the determination of an appropriate impairment charge requires a significant amount of management judgment over key assumptions and relies on available data. There is a potential risk that the loans may be impaired and the provision for impairment may not represent an appropriate estimate of the losses incurred. This could have a material impact on the financial statements. Refer also to note 8 in the financial statements.
How the scope of our audit responded to the key audit matter	We performed the following procedures over carrying values of loans and receivables: We obtained an understanding and assessed the design and implementation of the key controls that have been implemented over the valuation process for loans and receivables. We challenged whether the impairment policy adopted for the loans and is in line with FRS 102, and agreed the carrying value of loan and receivable recognised by management to independent Servicer Reports and assessed any indication of impairment. We evaluated the completeness, accuracy and appropriateness of input data including the key attributes of financial assets included in the calculation. We reviewed the judgements and assumptions made by management in estimating the impairment to independently assess whether they are reasonable and supported by the available internal data and external market indicators We assessed that the overall impairment number is within a range we would consider reasonable.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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We determined materiality for the company to be €7,094,430, or 2% of Creditors: amounts falling due after one year. We have considered Creditors: amounts falling due after one year to be the critical component for determining materiality because the main objective of the company is to provide investors with a long term risk adjusted return. We have considered quantitative and qualitative factors such as understanding the company and its environment, complexity of the company and the reliability of control environment.

We agreed with the Board of Directors (the "Board") that we would report to the Board any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the company, types of financial assets, the involvement of the third party service providers, the accounting processes and controls in place, and the industry in which the company operates.

We have conducted our audit based on the books and records maintained by the corporate administrator, CSC Capital Markets (Ireland) Limited. We focused our audit scope, and the extent of our testing, based on our assessment of the risks of material misstatement and of the materiality determined. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

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Annual Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 5 to 6, that in our opinion the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 Companies Act 2014 is consistent with the company's statutory financial statements in respect of the financial year concerned, and such information has been prepared in accordance with section 1373 of the Companies Act 2014.

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Other matters which we are required to address

Following the recommendation of the Board we were appointed by the Board on the 3rd of April 2019 to audit the financial statements for the financial period ended 31 December 2019 and subsequent years. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years, covering the financial year end 31 December 2019.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISA (Ireland) 260.

John McCarroll
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 29 September 2020

Statement of Comprehensive Income for the financial year 31 December 2019

	Notes	For the year 01-Jan-19 to 31-Dec-19 €	For the period 02-Aug-18 to 31-Dec-18 €
Interest income and similar income	3	4,147,131	1,519,954
Interest expense and similar charges	4	(3,272,295)	(1,361,084)
		874,836	158,870
Unwinding of discount on Mortgage Portfolio	8	7,961,346	170,028
Unwinding of discount on Subordinated Note	12	(7,961,346)	(170,028)
Impairment adjustment on Mortgage Portfolio	8	222,297	-
Impairment adjustment on Subordinated Note	12	(222,297)	-
Operating expenses	5	(873,836)	(158,620)
Profit on ordinary activities before taxation		1,000	250
Taxation	6	(250)	(63)
Profit on ordinary activities after taxation		750	187

All amounts relate to continuing activities. All recognised gains or losses in the current period are included in the income statement.

The notes to the financial statements on pages 18 to 32 form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2019

	Notes	31-Dec-19 €	31-Dec-18 €
Non-current Assets			
Loans and receivables	8	340,972,288	366,354,381
Current assets			
Cash and cash equivalents	9	14,504,101	10,498,125
Debtors	10	4,685	6,257
Total assets		355,481,074	376,858,763
Creditors: amounts falling due within one year	11	(758,638)	(22,878)
Total assets less current liabilities		354,722,436	376,835,885
Creditors: amounts falling due after one year	12	(354,721,498)	(376,835,697)
Net assets		938	188
Capital and reserves			
Called up share capital	13	1	1
Retained earnings		937	187
Total shareholders' funds		938	188

The notes to the financial statements on pages 18 to 32 form an integral part of the financial statements.

Mary Murphy
Director
Date: 29 September 2020

Ian Garvan
Director
Date: 29 September 2020

Statement of Change in Equity for the year 31 December 2019

	Called-up share capital €	Retained earnings €	Total €
Balance as at 2 August 2018	-	-	-
Issued share capital	1	-	1
Profit for the financial period	-	187	187
Balance as at 31 December 2018	1	187	188
Balance as at 1 January 2019	1	187	188
Profit for the financial year	-	750	750
Balance as at 31 December 2019	1	937	938

The notes to the financial statements on pages 18 to 32 form an integral part of the financial statements.

Dublin Bay Securities 2018-MA1 Designated Activity Company

Statement of Cashflow as at 31 December 2019

	For the year 01-Jan-19 to 31-Dec-19 €	For the period 02-Aug-18 to 31-Dec-18 €
Operating activities		
Profit on ordinary activities before taxation	1,000	250
Adjustments for:		
Interest income and similar income	(4,147,131)	(1,519,954)
Interest expense and similar charges	3,272,295	1,361,084
Decrease/(increase) in debtors	1,572	(6,257)
Increase in creditors excluding interest and tax	49,226	22,815
(Unwinding of impairment)/Impairment on Mortgage Portfolio	(222,297)	3,306,738
Impairment on Subordinated Note	222,297	-
(Unwinding) of discount on Mortgage Portfolio	(7,961,346)	(170,028)
Unwinding of discount on Subordinated Note	7,961,346	170,028
Net cash (outflow)/inflow from operating activities	(823,038)	3,164,676
Tax paid	(313)	-
Investing activities		
Purchase of securitised Mortgage Portfolio	-	(382,198,833)
Repayments in relation to securitised Mortgage Portfolio	33,565,736	12,707,742
Interest received in relation to securitised Mortgage Portfolio	4,147,132	1,519,954
Net cash inflow/(outflow) from investing activities	37,712,868	(367,971,137)
Financing activities		
Issue of Notes	-	412,079,000
Repayment of and discount of Notes	(30,297,842)	(35,413,331)
Interest paid on Notes	(2,585,698)	(1,361,084)
Issue of share capital	-	1
Net cash (outflow)/inflow from financing activities	(32,883,541)	375,304,586
Net increase in cash and cash equivalents	4,005,976	10,498,125
Opening balance cash and cash equivalents	10,498,125	-
Cash and cash equivalents at 31 December 2019	14,504,101	10,498,125

The notes to the financial statements on pages 18 to 32 form an integral part of the financial statements.

Notes to the Financial Statements

1. General information

Dublin Bay Securities 2018-MA1 DAC the ("Company") was incorporated on 2 August 2018 as a special purpose vehicle for the purpose of purchasing an interest in certain loans originated by Bank of Scotland PLC (the securitised "Mortgage Portfolio"). The securitised Mortgage Portfolio is secured by, amongst other things, residential mortgages located in Ireland. The Company was incorporated at its registered office in 3rd Floor Fleming Court, Fleming's Place, Dublin 4, Ireland, registration number 631438.

2. Accounting Policies

The principal accounting policies that the Company applied in preparing its financial statements for the financial year ended 31 December 2019 are set out below. These have been applied consistently throughout the financial year.

Basis of preparation

The Company elected to adopt the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") in its financial statements. The financial statements have been prepared under the historical cost convention.

Statement of compliance

The financial statements have been prepared in accordance with FRS 102 (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants) and Irish law.

Going concern

The directors have prepared the financial statements on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will have adequate funds available to meet their obligations as they fall due. In considering the appropriateness of this assumption, the Board have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future verses the likelihood of either intending to or being forced to cease trading and place the Company into liquidation.

The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting.

As of 31 July, 2020, 145 (out of 2,051) borrowers in the portfolio have been impacted by Covid-19 (account is flagged as impacted if they call the Servicer stating this). Payment holidays were implemented for 14 loans with outstanding balances of €1,456,118. A further 23 loans with outstanding balance of €2,941,900 have been restructured due to Covid-19 impacts. A large proportion of customers are continuing to repay their loans as usual and this cash will continue to be collected by the structure for distribution to the appropriate parties. The average loan to value at this date was 38%.

2. Accounting Policies (continued)

Going concern (continued)

The Company is obliged to repay the Subordinated Notes at their principal amount outstanding upon maturity. However, due to the non-recourse nature of the Loans, the Company's ability to pay amounts due on the Loans are limited to the application of the receipts from the Mortgage Portfolio under the terms of the priority of payments as set out in the transaction documents. If on full realisation of the security, insufficient funds exist to settle the liabilities owed to the Lenders, there will be no further recourse to the Company (even in event of default).

The operating expenses of the Company are immaterial compared to the cash received on the Mortgage Portolio on a monthly basis. Operating expenses are first in the order of priority of payment and the directors are comfortable that these will be covered by the cash collected on the performing loans within the portfolio. It is the intention to the directors for the Company to continue operations until such a time as the amounts due from Mortgage Portfolio have been fully realized. Ultimately, due to the limited recourse nature of the Loans, any shortfall in the proceeds of the Mortgage Portfolio will be a risk to the Lenders.

Therefore, the directors consider that the Company is able to meet its liabilities as they fall due, and accordingly, the financial statements have been prepared on a going concern basis.

Functional and presentation currency

These financial statements are presented in Euro (€) which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. All figures in the financial statements are rounded to zero decimal places.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies are translated at the exchange rates in effect at the balance sheet date. All exchange differences are dealt with in arriving at profit before taxation and are recognised in the profit and loss account under Interest income and similar income.

Financial assets

Under section 11 of FRS 102, the Company have opted to follow the recognition and measurements of IAS 39. The Company has categorised its Securitised Mortgage Portfolio as loans and receivables. The Securitised Mortgage Portfolio is a non-derivative financial asset with fixed or determinable payments that is not quoted in an active market and is not intended to be sold in the near future. Financial assets are initially recognised at fair value (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) and are measured subsequently at amortised cost using the effective interest rate method.

Where the Company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument is adjusted to reflect the actual and revised estimated cash flows. The Company recalculates the carrying amount by computing the present value of estimated future cashflows at the original effective interest rate. The adjustment is recognised in profit or loss as income or expense. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is evidence that the asset is impaired.

Accounting Policies *(continued)*

Financial liabilities

Under Section 11 of FRS 102, the Company have opted to follow the recognition and measurements of IAS 39. Financial liabilities measured at amortised costs are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market.

Financial liabilities primarily consist of the Notes issued. These are initially recognised at fair value at the date of issuance and are subsequently measured at amortised cost using the effective interest rate method.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cashflows of the asset that can be reliably estimated. If any such objective evidence exists, the asset's recoverable amount is estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the underlying properties upon which the financial assets are collateralised. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. To determine whether there is any objective evidence of impairment, the Company assesses the value of the underlying secured properties collateralised on the Securitised Mortgage Portfolio at each balance sheet date (see note 8).

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash held on call with the bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash that are subject to an insignificant risk of changes in value.

Interest income and expense

Interest income and expense are recognised within 'interest income and similar income' and 'interest expense and similar charges' in Statement of Comprehensive Income. Accrued interest income and accrued interest expense are recognised in other debtors and creditors on the Statement of Financial Position. All income and expenses are accounted for on an accrual basis.

The Company accounts for interest income and interest expense on an effective interest rate basis. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cashflows considering all contractual terms of the financial instrument but does not consider future credit losses.

Accounting Policies *(continued)*

Taxation

The charge for taxation is based on the results for the financial year.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Use of estimated and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years.

Deferred consideration expense

Deferred consideration payments are accounted for on an accrual basis to the extent of the balance of funds remaining having discharged all other payments in accordance with the Company's monthly priority of payments waterfall.

3. Interest income and similar income	**For the year 01-Jan-19 to 31-Dec-19**	**For the period 02-Aug-18 to 31-Dec-18**
	€	**€**
Interest income from Senior Loan	4,147,131	1,519,954
	4,147,131	1,519,954

Interest income includes interest and fees due on the loans in the securitised Mortgage Portfolio.

4. Interest expense and similar charges

	For the year 01-Jan-19 to 31-Dec-19	For the period 02-Aug-18 to 31-Dec-18
	€	€
Interest expense on issued Notes	(2,133,788)	(373,327)
Deferred consideration amounts	(1,138,507)	(987,757)
	(3,272,295)	(1,361,084)

5. Operating expenses

	For the year 01-Jan-19 to 31-Dec-19	For the period 02-Aug-18 to 31-Dec-18
	€	€
Servicing fees	(646,632)	(108,277)
Other Operating expenses	(227,204)	(50,343)
	(873,836)	(158,620)

This has been arrived at after charging;	For the year 01-Jan-19 to 31-Dec-19	For the period 02-Aug-18 to 31-Dec-18
Statutory auditors' remuneration (excluding expenses and VAT)	€	€
Statutory audit	(18,800)	(17,800)
Other assurance services	-	-
Tax advisory services	(5,200)	(5,000)
Other non-audit services	-	-
	(24,000)	(22,800)

6. Taxation

	For the year 01-Jan-19 to 31-Dec-19 €	For the period 02-Aug-18 to 31-Dec-18 €
Analysis of the Company tax charge in the year		
Current tax	(250)	(63)
Deferred tax	-	-
	(250)	(63)
Profit for the year		
Profit on ordinary activities multiplied by the standard rate of Irish corporation tax for the of 12.5%	(125)	(32)
Higher tax rate applicable under Section 110 TCA, 1997	(125)	(31)
Tax charge for the year	(250)	(63)

The Company is a qualifying Company within the meaning of Section 110 of the Taxes Consolidation Act 1997. As such the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.

7. Directors and employees

The Company has no employees. The directors received no remuneration from the Company or any other entity in respect of qualifying services rendered during the financial year. CSC Capital Markets (Ireland) Limited as a corporate service provider received fees of €37,891 (2018: €15,799) during the financial year of which a portion represents directorship services provided by the directors of the Company but their directorship services are reflected in their salary received from the corporate service provider.

8. Loans and receivables	**31-Dec-19 €**	**31-Dec-18 €**
Opening balance	366,354,381	-
Purchase of Mortgage Portfolio	-	407,840,000
Fair value adjustment Day 1	-	(25,641,167)
Impairment on Mortgage Portfolio	222,297	(3,306,738)
Repayments on Mortgage Portfolio	(33,565,737)	(12,707,742)
Unwinding of discount on Mortgage Portfolio	7,961,346	170,028
Closing balance at 31 December 2019	340,972,288	366,354,381

The Company was incorporated on the 2 August 2018 as a special purpose vehicle for the purpose of purchasing certain residential mortgage loans together with the related security from Erimon Home Loans Ireland Limited pursuant to the Mortgage Sale Agreement for a total of €382,198,833. The Loans were originated by Bank of Scotland PLC and sold to the seller on 17 May 2018. During the financial year the Company received €33,565,736 (2018: €12,707,742) from the Mortgage Portfolio.

8. Loans and receivables (continued)

The par value of the Mortgage Portfolio on the purchase date was €407,840,000. The Mortgage Portfolio was purchased at a discount of €25,641,167. This is being accreted in line with the expected return on the underlying Mortgage Portfolio. An asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of a financial asset and that loss event has an impact on the estimated future cashflows of the financial asset. Objective evidence that a financial asset is impaired includes observable data received by the Company including significant financial difficulty of the borrower, a breach of contract, such as default or delinquency or it becomes probable that the borrower will enter bankruptcy or other financial difficulty.

A valuation assessment was carried out on the Mortgage Portfolio as at the date of purchase and an impairment loss on the Mortgage Portfolio was recognised of €3,306,738. This was assessed as at 31 December 2019 and impairment was reversed by €222,297. This is split between a specific provision of (€130,436) (2018: €355,827) and an incurred but not reported provision of €352,734 (2018: €2,950,911). Having assessed all relevant information, the directors are satisfied that there is no further evidence of impairment on the loans as at the financial year end.

9. Cash and cash equivalents	**31-Dec-19**	**31-Dec-18**
	€	**€**
Citi Bank transaction account	14,398,101	10,341,627
Citi Bank Class X account	105,000	156,248
Issuer profit account	1,000	250
	14,504,101	10,498,125

The cash at bank is held with the Citibank Europe PLC. Citibank Europe PLC has been rated A+ by Standard & Poor’s and Aa3 by Moody’s.

10. Debtors	**31-Dec-19**	**31-Dec-18**
	€	**€**
Other current assets	4,685	6,257
	4,685	6,257

11. Creditors: amounts falling due within one year	**31-Dec-19**	**31-Dec-18**
	€	**€**
Other creditors	(28,290)	(22,878)
Interest accrual on Notes	(730,348)	-
	(758,638)	(22,878)

Notes to the Financial Statements (continued)

12. Creditors: amounts falling due after one year	31-Dec-19	31-Dec-18
	€	€
Note Class S	(5,433,650)	(5,796,640)
Note Class A1	(37,354,083)	(48,925,395)
Note Class A2A	(95,737,868)	(100,011,972)
Note Class A2B	(143,889,510)	(146,336,719)
Note Class B	(15,148,487)	(16,535,422)
Note Class C	(9,891,071)	(10,796,658)
Note Class D	(11,673,246)	(12,742,002)
Note Class E	(8,019,787)	(8,754,047)
Note Class F	(7,765,347)	(8,383,918)
Note Class Z1	(7,923,021)	(10,302,838)
Note Class Z2	(8,979,245)	(4,929,876)
Note Class R	(2,896,183)	(3,215,211)
Note Class X1	(5,000)	(100,000)
Note Class X2	(5,000)	(5,000)
	(354,721,498)	(376,835,697)

On 26 October 2018, the Company issued floating rate notes with total nominal amount being €412,079,000. The Notes have a legal maturity date of September 2053 and are credit linked to the performance of the securitised Mortgage Portfolio. The proceeds from the Notes were used to purchase the Mortgage Portfolio with any excess being used as credit enhancement with regard to Noteholder interests. Notes amounting to €407,840,000 were listed on the Irish Stock Exchange and the Class R, X1 and X2 Notes which amounted to €4,239,000 were listed on the International Stock exchange. Total repayments on the Notes during the financial year amounted to €30,749,753 (2018: €7,430,370).

The Notes are a limited recourse obligation of the Company and hence only payable to the extent of funds received from the securitised Mortgage Portfolio. A number of the Notes were issued at a discount which is being accreted in line with the expected return on the underlying Mortgage Portfolio. Any valuation adjustments to the Mortgage Portfolio are also applied to the Subordinated Class Z Notes. These valuation adjustments include the impairment reversal of €222,297 (2018: impairment charge of €3,306,738) and the unwind of the discount €7,961,346 (2018: €170,028) which have both increased the value of the discounted Notes.

12. Creditors: amounts falling due after one year (*continued*)

The maturity date of the Notes is September 2053. A summary of the notes issued is outlined in the table below:

2019 Notes Issued	Interest rate	ISIN	Notes Outstanding €	Repayments, Discounts & Provisions €	Closing Balance €
Class S	3mth EURIBOR+0.85%	XS1882692814	(5,796,754)	362,990	(5,433,650)
Class A1	3mth EURIBOR+0.75%	XS1882693382	(48,925,395)	11,571,312	(37,354,083)
Class A2A	3mth EURIBOR+0.00%	XS1882693119	(100,023,279)	4,274,104	(95,737,868)
Class A2B	3mth EURIBOR+0.00%	XS1893829876	(146,365,998)	2,447,209	(143,889,510)
Class B	3mth EURIBOR+1.75%	XS1882693549	(16,535,422)	1,386,935	(15,148,487)
Class C	3mth EURIBOR+2.00%	XS1882693895	(10,796,658)	905,587	(9,891,071)
Class D	3mth EURIBOR+2.45%	XS1882694190	(12,742,002)	1,068,756	(11,673,246)
Class E	3mth EURIBOR+3.50%	XS1882694356	(8,754,047)	734,260	(8,019,787)
Class F	3mth EURIBOR+4.25%	XS1893830023	(5,970,697)	618,571	(7,765,347)
Class Z1	3mth EURIBOR+3.50%	XS1893829520	(10,302,838)	2,379,817	(7,923,021)
Class Z2	N/A	XS1895127915	(7,302,397)	(4,049,369)	(8,979,245)
Class R	Fixed + 1.00%	XS1895128301	(3,215,211)	319,028	(2,896,183)
Class X1	N/A	XS1895128483	(100,000)	95,000	(5,000)
Class X2	N/A	XS1895128640	(5,000)	-	(5,000)
			(376,835,697)	22,114,199	(354,721,498)

2018 Notes Issued	Interest rate	ISIN	Notes Outstanding €	Repayments ,Discounts & Provisions €	Closing Balance €
Class S	3mth EURIBOR+0.85%	XS1882692814	(6,000,000)	203,360	(5,796,640)
Class A1	3mth EURIBOR+0.75%	XS1882693382	(50,300,000)	1,374,605	(48,925,395)
Class A2A	3mth EURIBOR+0.00%	XS1882693119	(105,270,000)	5,258,028	(100,011,972)
Class A2B	3mth EURIBOR+0.00%	XS1893829876	(157,900,000)	11,563,281	(146,336,719)
Class B	3mth EURIBOR+1.75%	XS1882693549	(17,000,000)	464,578	(16,535,422)
Class C	3mth EURIBOR+2.00%	XS1882693895	(11,100,000)	303,342	(10,796,658)
Class D	3mth EURIBOR+2.45%	XS1882694190	(13,100,000)	357,998	(12,742,002)
Class E	3mth EURIBOR+3.50%	XS1882694356	(9,000,000)	245,953	(8,754,047)
Class F	3mth EURIBOR+4.25%	XS1893830023	(9,000,000)	616,082	(8,383,918)
Class Z1	3mth EURIBOR+3.50%	XS1893829520	(11,100,000)	797,162	(10,302,838)
Class Z2	N/A	XS1895127915	(18,070,000)	13,140,124	(4,929,876)
Class R	Fixed + 1.00%	XS1895128301	(4,039,000)	823,789	(3,215,211)
Class X1	N/A	XS1895128483	(100,000)	-	(100,000)
Class X2	N/A	XS1895128640	(100,000)	95,000	(5,000)
			(412,079,000)	35,243,303	(376,835,697)

13. Called up share capital	**31-Dec-19**	**31-Dec-18**
	€	**€**
Authorised		
1,000 ordinary shares of €1 each	1	1
Allotted, called up and fully paid:		
1,000 ordinary shares of €1 each	1	1

14. Ownership of the Company

CSC Share Trustee (Ireland) Limited is an Irish incorporated Company and holds the issued share capital in the Company. The share is held on trust for charitable purposes. The Company has no parent or any other controlling party.

15. Fair value of assets and liabilities

The following table shows the book value and fair value of the Company's financial assets and liabilities at 31 December 2019:

2019	**Book value**	**Fair value**
Assets	**€**	**€**
Loans and receivables	340,972,288	340,972,288
Debtors	4,685	4,685
Cash	14,504,101	14,504,101
Total assets	355,481,074	355,481,074
Liabilities		
Notes issued	(354,721,498)	(354,721,498)
Other creditors	(758,638)	(758,638)
	(355,480,136)	(355,480,136)

2018	**Book value**	**Fair value**
Assets	**€**	**€**
Loans and receivables	366,354,381	366,354,381
Debtors	6,257	6,257
Cash	10,498,125	10,498,125
Total assets	376,858,763	376,858,763
Liabilities		
Notes issued	(376,835,697)	(376,835,697)
Other creditors	(22,878)	(22,878)
	(376,858,575)	(376,858,575)

As at 31 December 2019, the fair value of the Notes issued is more than the principal balance of the loans and receivables. Hence, we believe the carrying value of the loans and receivables is approximate to its fair value. The Notes are linked to the value of the loans and receivables and are only payable to the extent of funds received. Therefore, the fair value of the Notes is equal to the carrying amount less any accumulated losses incurred by the Company.

16. Financial risk management

The principal risks arising from the Company's financial instruments are liquidity, credit and market risk. The Company has established policies for managing these risks as outlined below.

Credit Risk

Credit risk is the risk of impairment and partial or total loss of a receivable due to the deterioration of credit quality on the part of the counterparty. The primary asset of the Company is the securitised Mortgage Portfolio. Credit risk is monitored and managed on a regular basis through preparation and review of monthly investor reports which are reviewed in detail by senior management. Under the Security Agreements, the Company has first charge over all properties which have been secured on the underlying loans. At the balance sheet date, this is significantly higher than the carrying amount of the Securitised Loan and issued Notes. The loan is secured 100% against collateral.

The maximum exposure to credit risk at the financial year end is as follows:

	31-Dec-19	**31-Dec-18**
	€	**€**
Loans and receivables	340,972,288	366,354,381
Other debtors	4,685	6,257
Cash	14,504,101	10,498,125
	355,481,074	376,858,763

The cash at bank is held with the Citibank Europe PLC. Citibank Europe PLC has been rated A+ by Standard & Poor's and Aa3 by Moody's. Other debtors predominantly consist of amounts owing in relation to the Class S Notes (see Note 10).

16. Financial risk management (continued)

Loans and receivables

The Company has invested in a portfolio of mortgage receivables. The geographical concentration of the loans and receivables are 100% in Ireland and they are not rated.

	31-Dec-19	**31-Dec-18**
Number of Loans	2,135	2,266
Average Current Loan to Value	39%	44%
Average Original Loan to Value (purchase of the portfolio)	55%	58%
Mortgages in arrears (>90days)	5,771,358	-
Number of Mortgages in arrears (>90days)	25	-
Impairment cover ratio	111	111

2019 **Type of loans**	**Interest rate on mortgages as at 31/12/2019**	**Mortgage portfolio value**	**% of total mortgage portfolio**
Mortgage	Less than 1%	82,487,284	24.19%
Mortgage	From 1-2%	253,241,685	74.27%
Mortgage	From 2-3%	4,053,488	1.19%
Mortgage	From 3-4%	1,189,831	0.35%
		340,972,288	100%

2018 **Type of loans**	**Interest rate on mortgages as at 31/12/2018**	**Mortgage portfolio value**	**% of total mortgage portfolio**
Mortgage	Less than 1%	87,866,747	23.98%
Mortgage	From 1-2%	273,050,371	74.54%
Mortgage	From 2-3%	4,183,388	1.14%
Mortgage	From 3-4%	1,253,875	0.34%
		366,354,381	100%

Liquidity risk

Liquidity risk is defined as the risk of being unable to fulfil current or future payment obligations in full on the due date. The objective of the Company's liquidity management is to ensure the sufficient funds are available to meet the Company's commitments. Liquidity risk is minimised by the fact that the securitised Mortgage Portfolio is of a good quality and provides a steady cash flow for the Company to discharge all expenses. Liquidity risk is also minimised as payments of the Notes are limited in recourse to the receipt of funds on the securitised Mortgage Portfolio.

The Notes have a maturity date of September 2053. The Company has a requirement to make principal repayments on each interest payment date based on the extent of funds available from collections on the financial assets. If not otherwise redeemed or sold the Notes will be redeemed in full at the maturity date. Payments of the Notes are limited in recourse to the receipt of funds on the securitised Mortgage Portfolio.

The table below analyses the undiscounted cashflows of the financial liabilities at the balance sheet date into relevant maturity groupings.

16. Financial risk management (continued)

Liquidity risk (continued)

2019	Carrying Value	Less than 1 year	Over 1 year to 5 years	Over 5 years	Gross Cashflows
	€	€	€	€	€
Note Class S	(5,433,650)	(23,745)	(94,980)	(6,114,905)	(6,233,630)
Note Class A1	(37,354,083)	(125,883)	(503,533)	(40,965,725)	(41,595,141)
Note Class A2A	(95,737,868)	-	-	(95,737,868)	(95,737,868)
Note Class A2B	(143,889,510)	-	-	(143,889,510)	(143,889,510)
Note Class B	(15,148,487)	(202,535)	(810,141)	(20,959,307)	(21,971,983)
Note Class C	(9,891,071)	(156,971)	(627,885)	(14,394,642)	(15,179,498)
Note Class D	(11,673,246)	(237,784)	(951,136)	(18,495,367)	(19,684,287)
Note Class E	(8,019,787)	(247,571)	(990,283)	(15,122,696)	(16,360,550)
Note Class F	(7,765,347)	(297,956)	(1,191,825)	(16,313,837)	(17,803,618)
Note Class Z1	(7,923,021)	(244,584)	(978,335)	(14,940,227)	(16,163,146)
Note Class Z2	(8,979,245)	-	-	(8,979,245)	(8,979,245)
Note Class R	(2,896,183)	(28,962)	(115,847)	(3,727,110)	(3,871,919)
Note Class X1	(5,000)	-	-	(5,000)	(5,000)
Note Class X2	(5,000)	-	-	(5,000)	(5,000)
Other creditors	(758,638)	(758,638)	-	-	(758,638)
	(355,480,136)	(2,324,629)	(6,263,965)	(399,650,439)	(408,239,033)

2018	Carrying Value	Less than 1 year	Over 1 year to 5 years	Over 5 years	Gross Cashflows
	€	€	€	€	€
Note Class S	(5,796,640)	(29,621)	(118,483)	(6,676,095)	(6,824,199)
Note Class A1	(48,925,395)	(201,083)	(804,334)	(54,895,643)	(55,901,060)
Note Class A2A	(100,011,972)	-	-	(100,011,972)	(100,011,972)
Note Class A2B	(146,336,719)	-	-	(146,336,719)	(146,336,719)
Note Class B	(16,535,422)	(233,315)	(933,259)	(23,462,634)	(24,629,208)
Note Class C	(10,796,658)	(179,332)	(717,330)	(16,121,113)	(17,017,775)
Note Class D	(12,742,002)	(268,984)	(1,075,934)	(20,728,237)	(22,073,155)
Note Class E	(8,754,047)	(276,715)	(1,106,862)	(16,969,841)	(18,353,418)
Note Class F	(8,383,918)	(327,895)	(1,311,580)	(18,119,255)	(19,758,730)
Note Class Z1	(10,302,838)	(325,673)	(1,302,691)	(19,972,195)	(21,600,559)
Note Class Z2	(4,929,876)	-	-	(4,929,876)	(4,929,876)
Note Class R	(3,215,211)	(32,152)	(128,608)	(4,169,821)	(4,330,581)
Note Class X1	(100,000)	-	-	(100,000)	(100,000)
Note Class X2	(5,000)	-	-	(5,000)	(5,000)
Other creditors	(22,878)	(22,878)	-	-	(22,878)
	(376,858,575)	(1,897,648)	(7,499,081)	(432,498,401)	(441,895,131)

16. Financial risk management (continued)

Market Risk

Market risk refers to the potential loss arising from changes in interest rates, foreign currency rates and price risk. The Company's financial assets are mainly denominated in euro and therefore the Company has minimal exposure to foreign currency risk.

The Company has mitigated its interest rate risk due as interest due on the Notes is only payable to the extent of funds received from the loans and receivables. Therefore, interest rate risk is minimal. The table below summarises the interest sensitivity gap:

2019	**Fixed interest rate**	**Floating interest rate**	**Non-interest bearing**	**Total**
Assets	**€**	**€**	**€**	**€**
Loans and receivables	183,012	340,789,276	-	340,972,288
Cash	-	-	14,504,101	14,504,101
Debtors	-	-	4,685	4,685
Total assets	183,012	340,789,276	14,508,786	355,481,074
Liabilities				
Notes issued	(2,896,183)	(341,146,601)	(10,678,714)	(354,721,498)
Interest payable on Notes	-	-	-	-
Other creditors	-	-	(758,638)	(758,638)
	(2,896,183)	(341,146,601)	(11,437,352)	(355,480,136)
Interest rate sensitivity gap	(2,713,171)	(357,325)	3,071,434	938

2018	**Fixed interest rate**	**Floating interest rate**	**Non-interest bearing**	**Total**
Assets	**€**	**€**	**€**	**€**
Loans and receivables	-	366,354,381	-	366,354,381
Cash	-	-	10,498,125	10,498,125
Debtors	-	-	6,257	6,257
Total assets	-	366,354,381	10,504,382	376,858,763
Liabilities				
Notes issued	(3,215,211)	(368,585,610)	(5,034,876)	(376,835,697)
Interest payable on Notes	-	-	-	-
Other creditors	-	-	(22,878)	(22,878)
	(3,215,211)	(368,585,610)	(5,057,754)	(376,858,575)
Interest rate sensitivity gap	(3,215,211)	(2,231,229)	5,446,628	188

Other price risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting similar financial instruments traded in the market. The Company has no exposure to other price risk.

Sensitivity Analysis
The sensitivity analysis has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the reporting date and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest earned on the securitised Mortgage Portfolio had been 5% higher on the underlying collateral and all other variables were held constant interest income would have increased by €125,488 which would be distributed to the Noteholders in accordance with contractual terms.

The Company has limited exposure to interest rate risk as the payment on the Notes are limited in recourse to receipt of funds on the securitised Mortgage Portfolio.

17. Related party transactions

CSC Capital Markets (Ireland) Limited entered into an agreement with the Company to certain corporate administrative services, bookkeeping and accounting services to the Company. Jonathan Hanly as director of the Company had an interest in this fee in his capacity as a director of CSC Capital Markets (Ireland) Limited. During the year, the Company incurred fees of €37,891 (2018: €15,799) from CSC Capital Markets (Ireland) Limited. There were no fees paid to directors by the administrator as a directors' fee.

18. Events since end of the financial year

The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting. As this condition did not exist at the balance sheet date, the Covid-19 pandemic is a non-adjusting post balance sheet event which has no impact on the reported results of the Company for the financial year ending 31 December 2019. Its post year end impact has not been reflected in the measurement of the Company's assets and liabilities as at 31 December 2019. Lockdown restrictions began to ease in July and the economy was opening up however additional lockdown measures have been implemented again in September. It is difficult to determine the number of customers impacted by Covid-19 and the impact of this is yet to be seen.

As of 31 July, 2020, 145 (out of 2,051) borrowers in the portfolio have been impacted by Covid-19 (account is flagged as impacted if they call the Servicer stating this). Payment holidays were implemented for 14 loans with outstanding balances of €1,456,118. A further 23 loans with outstanding balance of €2,941,900 have been restructured due to Covid-19 impacts. A large proportion of customers are continuing to repay their loans as usual and this cash will continue to be collected by the structure for distribution to the appropriate parties. The average loan to value at this date was 38%.

19. Capital risk management

The capital managed by the Company comprises of ordinary shares outstanding and the Notes issued and outstanding as at financial year end. The Company is not subject to externally imposed capital requirements. The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to noteholders through the optimisation of debt and equity balance.

There were no changes to the policies and procedures during the year with respect to the Company's approach to capital management program.

20. Contingent liabilities and commitments

There were no contingent liabilities or commitments as of 31 December 2019. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits charge from previous disclosed contingent liabilities, provisions are recognised in the year in which the changes in probability occur.

21. Approval of financial statements

The financial statements were approved by the Board and authorised for issue on 29 September 2020.